

Message Text

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FOR COMMERCE

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TAGS: ETRD, R.P.

SUBJ: MAJOR EXPORT OPPORTUNITIES IN THE PHILIPPINES

1. U.S. FIRMS CURRENTLY ARE COMPETING FOR PROJECTS IN THE PHILIPPINES THAT HOLD A POTENTIAL FOR NEARLY \$450 MILLION IN EXPORTS FROM THE U.S. IN THE NEAR TERM, WITH AN ADDITIONAL \$350 MILLION BY THE LATE 1970'S. THESE OPPORTUNITIES ARE THE RESULT OF A VARIETY OF FACTORS INCLUDING AN EXPANDING PHILIPPINE ECONOMY, INCREASED GOP ATTENTION TO INFRA-STRUCTURE DEVELOPMENT AND ACTIVITIES OF INTERNATIONAL LENDING INSTITUTIONS. U.S. COMPETITIVENESS IS ENHANCED BY A) UNIQUE TECHNOLOGY IN SOME FIELDS, B) PRICE, ESPECIALLY AS A RESULT OF CURRENCY REALIGNMENTS, C) IMPROVED U.S. FINANCING PROGRAMS AND D) INCREASED INTEREST ON THE PART OF U.S. FIRMS.

2. FOLLOWING IS A BRIEF CHECKLIST OF MAJOR PROJECTS WHICH HOLD GREATEST POSSIBILITY OF REALIZATION:

A) CONVENTIONAL POWER PLANT - THE GOP IS EVALUATING BIDS FROM G.E., WESTINGHOUSE AND HITACHI (JAPAN) FOR THE SUPPLY AND CONSTRUCTION OF A 300 MW THERMAL POWER PLANT. WHILE THE U.S. FIRMS ARE LOW BIDDERS ON THE PROJECT, THE JAPANESE

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OFFER HOLDS OUT A POSSIBILITY OF CONCESSIONAL FINANCING.

EXPORT POTENTIAL - \$20 MILLION.

B) NUCLEAR POWER PLANT - A RECENT IAEA STUDY DEMONSTRATED THE FESIBILITY OF NUCLEAR POWER GENERATION IN THE PHILIP-PINES. THE GOP IS GIVING CONSIDERATION TO TWO 600 MW PLANTS, TO COME ON STREAM IN 1981 AND 1983. NEGOTIATIONS ARE NOW UNDERWAY WITH AN AMERICAN ENGINEERING FIRM TO SERVE AS CONSULTANT. EXPORT POTENTIALSUD \$320-360 MILLION.

C) MANILA MASS TRANSIT SYSTEM - INITIAL STUDIES HAVE BEEN CONCLUDED ON A COMMUTER RAIL SYSTEM FOR THE GREATER MANILA AREA. AT LEAST THREE U.S. COMPANIES HAVE SHOWN INTEREST IN THE PROGRAM. EXPORT POTENTIAL - \$30 MILLION.

D) RAILWAY EXPANSION - IN ADDITION TO THE MASS TRANSIT SYSTEM, THE PPLIPPINE NATIONAL RAILWAYS HAS DRAWN UP PROPOSALS FOR THE MINDANAO, CAGAYAN VALLEY AND SORSOGON RAILROAD PROJECTS. COMMERCE IS BRINGING THESE PROPOSALS TO THE ATTENTION OF U.S. BUSINESS. EXPORT POTENTIAL - \$160 MILLION.

E) LUZON ROAD PROJECTS - SEVEN AMERICAN COMPANIES (SOME IN JOINT VENTURE WITH PHILIPPINE GROUPS) ARE AMONG THE 30 FIRMS PREQUALIFIED TO BID ON A SERIES OF SIX ROAD PROJECTS ON THE ISLAND OF LUZON FINANCED BY THE WORLD BANK. EXPORT POTENTIAL - \$45 MILLION.

F) PASSENGER AIRCRAFT - PHILIPPINE AIRLINES IS IN THE MARKET FOR INTERMEDIATE HAUL JET AIRCRAFT OF THE 737/727 OR DC-9 TYPE. BOTH BOEING AND DOUGLAS HAVE MADE OFFERS, WHICH FACE STIFF COMPETITION FROM BRITISH AIRCRAFT CORPORATION OFFERING ADDITIONS TO IAL-S PRESENT BAC-111'S. EXPORT POTENTIAL - \$50-80 MILLION.

G) SUGAR MILLS - THE PHILIPPINE BOARD OF INVESTMENTS AND OTHER GOVERNMENT AGENCIES ARE STUDYING PROPOSALS FOR THE ACQUISITION OF AT LEAST TWO NEW SUGAR CENTRALS. U.S. FIRMS HAVE BEEN PURSUING THESE PPROJECTS ACTIVELY AGAINST BRITISH AND JAPANESE COMPETITION. EXPORT POTENTIAL - \$40 MILLION.

H) SMALL ARMS FACILITY - THE GOP HAS APPROVED A POLICY CALLING FOR SELF-RELIANCE IN THE PRODUCTION OF MILITARY RIFLES. A CONTRACT SHOULD BE SIGNED WITH AN AMERICAN COMPANY

IN THE NEAR FUTURE. EXPORT POTENTIAL - \$22 MILLION.

I) MIITARY RADIOS - SIMILAR TO THE ABOVE PROJECT, THE GOP HAS CALLED FOR PROPOSALS ON THE IN-COUNTRY PRODUCTION UNCLASSIFIED

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OF MILITARY RADIOS. THESE ARE PROGRAMS FOR THREE DIFFERENT RADIOS, AND AMERICAN COMPANIES ARE COMPETING FOR EACH PROGRAM. EXPORT POTENTIAL - \$5 MILLION.

J) COPPER SMELTER - U.S. ENGINEERING FIRMS ARE PARTICI-PANTS IN ONE OF THE TWO CONSORTIA BEING CONSIDERED FOR THE LEPANTO CONSOLIDATED MINING SMELTER ON LUZON. EXPORT POTENTIAL - \$6-8 MILLION.

3. IN ADDITION TO THE MAJOR PROJECTS OUTLINED ABOVE, A HOST OF SMALLER SCALE SALES POSSIBILITIES EXIST FOR U. S. COMPANIES. PRIMARY AMONG THESE ARE TOURIST-RELATED ITEMS (HOTEL, RESTAURANT AND RESORT EQUIPMENT, TOURIST VEHICLES AND SIMILAR TRANSPORTATION EQUIPMENT), EQUIPMENT TO UPGRADE AIRPORT FACILITIES (NAVIGATION AIDS AND PASSENGER HANDLING EQUIPMENT), ELECTRICITY DISTRIBUTING FACILITIES, INCLUDING TRANSMISSION LINES, STEEL MILL AND FOUNDRY EQUIPMENT (SEPARATE REPORT UNDER PREPARATION) AND SERVICES AND EQUIPMENT RELATED TO PETROLEUM EXPLORATION.

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